

Message Text

SECRET

PAGE 01 TEHRAN 09001 210954Z

15

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

----- 067346

O 210840Z DEC 73

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 4876

S E C R E T TEHRAN 9001

EXDIS

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJ: PRICING POLICIES AT OPEC MEETING

1. AT AUDIENCE ON AFTERNOON OF DECEMBER 20, THE SHAH INDICATED THAT HE IS SERIOUSLY CONSIDERING TRYING TO PERSUADE THE OTHER OPEC MEMBERS AT THE MEETING IN TEHRAN ON DECEMBER 22 THAT WHOLLY NEW PRICING ARRANGEMENTS FOR CRUDE OIL SHOULD BE ESTABLISHED.

2. WHAT THE SHAH APPARENTLY HAS IN MIND SOUNDS COMPLICATED, AND HIS ASSERTION THAT PERHAPS SOME OF THE OPEC MEMBERS WILL NOT EVEN UNDERSTAND IT CAN HARDLY BE FOUND SURPRISING. IN FACT, HE CONCEDED THAT IT MIGHT BE NECESSARY AT THE DECEMBER 22 MEETING TO ESTABLISH TEMPORARILY FOR 90 DAYS OR SO NEW POSTED PRICES UNTIL THE DETAILS INVOLVED IN HIS SCHEME COULD BE WORKED OUT.

3. AS BEST I COULD UNDERSTAND HIS PRESENTATION, THE SHAH WANTS TO DO AWAY WITH POSTED PRICES AND TO FIX THE PRICE OF CRUDE OIL IN RELATIONSHIP TO THE COST OF OIL PRODUCED FROM SHALE, COAL GASIFICATION AND LIQUEFICATION, ATOMIC ENERGY USED FOR POWER, ETC. HE CLAIMS THAT THE COST INVOLVED IN THESE ALTERNATE SOURCES OF ENERGY RANGE BETWEEN 8 AND 14 DOLLARS PER BARREL WHEN ONE USES THE MATHEMATICS TO CONVERT FROM ONE KIND OF ENERGY TO ANOTHER. THE SHAH FEELS THAT BY FIXING THE PRICE OF CRUDE OIL IN THIS FASHION, IT WILL DO AWAY WITH "SURPRISES" FROM PEOPLE LIKE QADHAFI AND "EVEN MYSELF", AND WILL PLACE A DISCIPLINE ON THE INDUSTRIAL NATIONS OF THE WORLD. IT WILL ALSO ESTABLISH A STABLE RATIO AMONG THE VARIOUS FORMS OF ENERGY. INCIDENTALLY, THE SHAH EXPECTS

SECRET

SECRET

PAGE 02 TEHRAN 09001 210954Z

THAT IRAN WILL SOON BE ONE OF THESE INDUSTRIAL NATIONS AND THAT

IN TEN YEARS "IT WILL BE EQUIVALENT TO BRITAIN OR FRANCE".

4. IN COMPUTING THE PRICE OF CRUDE OIL IN RELATION TO THESE OTHER ENERGY SOURCES, THE SHAH BELIEVES THAT CRUDE OIL SHOULD RECEIVE FAVORABLE RECOGNITION BECAUSE IT IS EASIER TO TRANSPORT AND HANDLE, IT IS CLEANER IN AN ENVIRONMENTAL SENSE, AND IT CAN BE CONVERTED INTO PETRO-CHEMICALS AND OTHER PRODUCTS. IN OTHER WORDS, ONE WOULD WANT TO SUBTRACT FROM THE CRUDE OIL PRICE FOR THE COST OF TRANSPORTATION BUT ADD ON TO IT FOR OIL'S VALUE IN THE ENVIRONMENTAL AND CONVERSION SENSE.

5. DEPARTMENT SHOULD DECIDE WHETHER OR NOT THIS TELEGRAM SHOULD BE PASSED TO EMBASSIES IN OTHER OPEC COUNTRIES.

HELMS

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, POLICIES, MEETINGS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 DEC 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TEHRAN09001
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: P750033-2405
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973129/aaaaagfc.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Dec-2001 by shawdg>; APPROVED <10-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRICING POLICIES AT OPEC MEETING
TAGS: ENRG, IR, OPEC, (PAHLAVI, MOHAMMAD REZA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005